

Auditing Procedures Report

[Reset Form](#)[Email](#)

Issued under Public Act 2 of 1960, as amended.

Unit Name	Charter Township of Portage	County	HOUGHTON	Type	TOWNSHIP	MuniCode	31-1-100
Opinion Date	June 25, 2008	Audit Submitted	June 28, 2008	Fiscal Year	2007		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/> 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/> 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> 5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> 6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> 12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/> 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> 18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 403,835.00
General Fund Expenditure:	\$ 348,504.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 697,894.00
Governmental Activities Long-Term Debt (see instructions):	\$ 141,950.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Bruce	Last Name	Rukkila	Ten Digit License Number	1101012440		
CPA Street Address	310 Sheldon Avenue	City	Houghton	State MI	Zip Code 49931	Telephone	+1 (906) 482-6601
CPA Firm Name	Bruce A. Rukkila, CPA, PC	Unit's Street Address	47240 Green Acres Road	City	Houghton	Zip Code	49931

CHARTER TOWNSHIP OF PORTAGE
HOUGHTON COUNTY, MICHIGAN

AUDITED FINANCIAL STATEMENTS AND
SUPPLEMENTAL FINANCIAL INFORMATION

December 31, 2007

CHARTER TOWNSHIP OF PORTAGE

DECEMBER 31, 2007

ELECTED OFFICIALS

Supervisor	William Bingham
Clerk	Sandra Luoma
Treasurer	Carol Little
Trustee	Peggy Anderson
Trustee	Calvin Karsama
Trustee	Mark Jalkanen
Trustee	James Zerbst

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORTS:	<u>Page</u>
Independent Auditor's Report	5
BASIC FINANCIAL STATEMENTS:	
Statement of Net Assets	7
Statement of Activities	8
<u>Governmental Funds:</u>	
Balance Sheet	9
Statements of Revenues, Expenditures, and Changes in Fund Balances	10
<u>Proprietary Funds:</u>	
Balance Sheet	11
Statements of Revenues, Expenditures, and Changes in Retained Earnings	12
Statements of Cash Flows	13
Fiduciary Funds - Statement of Fiduciary Net Assets	14
Notes to Financial Statements	15
REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION:	
<u>Budgetary Comparison Schedules:</u>	
General Fund	30
Fire Protection Fund	31
Cemetery Fund	32
SUPPLEMENTAL FINANCIAL INFORMATION:	
<u>General Fund:</u>	
Detailed Statements of Revenues, Expenditures, and Changes in Fund Balance	34
<u>Special Revenue Funds:</u>	
Combining Balance Sheets	37
Combining Statements of Revenues, Expenditures, and Changes in Fund Balance	38
Detailed Schedules of Revenues, Expenditures, and Changes in Fund Balance:	
Fire Protection Fund	39
Cemetery Operating Fund	40
Liquor Law Enforcement Fund	41

TABLE OF CONTENTS
(Continued)

SUPPLEMENTAL FINANCIAL INFORMATION: (Continued)

Enterprise Funds:

Combining Balance Sheets	42
Combining Statements of Revenues, Expenses, and Changes in Retained Earnings	43
Combining Statements of Cash Flows - All Enterprise Funds	44
Detailed Schedules of Revenues, Expenses, and Changes in Retained Earnings:	
Sewer Fund	45
Water Fund - Portage	46
Water Fund - Dakota Heights	47
Water Fund - Woodland Road	48

Fiduciary Fund Types:

Cemetery Perpetual Care Fund:

Balance Sheets	49
Statements of Revenues, Expenses, and Changes in Fund Balance	50
Tax Collection Fund - Statement of Changes in Assets and Liabilities	51

FEDERAL AWARDS PROGRAMS:

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	53
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	55
Schedule of Expenditures of Federal Awards	57
Schedule of Findings and Questioned Costs	58
Schedule of Findings and Responses	59
Notes to the Schedule of Expenditures of Federal Awards	60



Bruce A Rukkila, CPA, PC



310 Shelden Avenue • Houghton MI 49931
(906) 482-6601 • Fax: (906) 482-9046
e-mail: help@brucerukkila.com
www.bruцерukkila.com

INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
Charter Township of Portage
Houghton, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Portage as of and for the year then ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Portage as of December 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 25, 2008 on our consideration of the Charter Township of Portage's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Charter Township of Portage has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Supplemental financial information listed in the table of contents and the accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bruce A. Rukkila, CPA, PC

Certified Public Accountants

June 25, 2008

CHARTER TOWNSHIP OF PORTAGE
STATEMENT OF NET ASSETS

December 31, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 655,057	\$ 99,207	\$ 754,264
Receivables	644	111,437	112,081
Inventories	-	25,284	25,284
Prepaid expenses	22,951	2,914	25,865
Internal balances	227,702	(227,702)	-
Due from fiduciary funds	18,350	-	18,350
TOTAL CURRENT ASSETS	924,704	11,140	935,844
NONCURRENT ASSETS:			
Restricted cash	-	127,330	127,330
Capital assets	1,929,847	4,503,912	6,433,759
Less: accumulated depreciation	(808,072)	(1,783,457)	(2,591,529)
TOTAL NONCURRENT ASSETS	1,121,775	2,847,785	3,969,560
TOTAL ASSETS	\$ 2,046,479	\$ 2,858,925	\$ 4,905,404
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable and accrued expenses	\$ 1,101	\$ 3,484	\$ 4,585
Due to fiduciary funds	8,000	-	8,000
Accrued expenses	4,934	1,840	6,774
Accrued vacation payable	11,001	-	11,001
Current maturities on bond/note payable	20,650	57,000	77,650
TOTAL CURRENT LIABILITIES	45,686	62,324	108,010
NONCURRENT LIABILITIES:			
Bonds Payable, less current maturities	121,300	1,177,150	1,298,450
User deposits	-	16,622	16,622
Deferred revenue	52,124	103,398	155,522
TOTAL NONCURRENT LIABILITIES	173,424	1,297,170	1,470,594
TOTAL LIABILITIES	219,110	1,359,494	1,578,604
NET ASSETS:			
Invested in capital assets, net of related debt	979,825	-	(979,825)
Contributed capital	-	977,978	977,978
Restricted for debt service	-	521,453	521,453
Unreserved	847,544	-	847,544
TOTAL NET ASSETS	1,827,369	1,499,431	(3,326,800)
TOTAL LIABILITIES AND NET ASSETS	\$ 2,046,479	\$ 2,858,925	\$ 4,905,404

The accompanying notes to the financial statements are an integral part of this statement.

CHARTER TOWNSHIP OF PORTAGE**STATEMENT OF ACTIVITIES**

December 31, 2007

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Primary government:						
Government activities:						
General government	\$ 324,180	\$ 77,297	\$ -	\$ (246,883)	\$ -	\$ (246,883)
Public safety	71,908	-	35,000	(36,908)	-	(36,908)
Public works	112,457	-	-	(112,457)	-	(112,457)
Recreation	7,539	-	-	(7,539)	-	(7,539)
Other	-	-	-	-	-	-
Total governmental activities	<u>516,084</u>	<u>77,297</u>	<u>35,000</u>	<u>(403,787)</u>	<u>-</u>	<u>(403,787)</u>
Business-type activities:						
Water	162,470	229,254	-	-	66,784	66,784
Sewer	194,620	143,757	-	-	(50,863)	(50,863)
Total business-type activities	<u>357,090</u>	<u>373,011</u>	<u>-</u>	<u>-</u>	<u>15,921</u>	<u>15,921</u>
Total primary government	<u>\$ 873,174</u>	<u>\$ 450,308</u>	<u>\$ 35,000</u>	<u>(403,787)</u>	<u>15,921</u>	<u>(387,866)</u>
General Revenues:						
Taxes				164,695	-	164,695
State shared revenue				232,756	-	232,756
Interest and investment earnings				23,652	10,768	34,420
Sale of assets				12,085	-	12,085
Transfers from Perpetual Care				11,803	-	11,803
Other				18,045	5,171	23,216
Total general revenues, transfers and special items				<u>463,036</u>	<u>15,939</u>	<u>478,975</u>
Change in Net Assets				59,249	31,860	91,109
Net Assets- Beginning				1,768,120	489,593	2,257,713
Net Assets- Ending				<u>\$ 1,827,369</u>	<u>\$ 521,453</u>	<u>\$ 2,348,822</u>

The accompanying notes to the financial statements are an integral part of this statement.

CHARTER TOWNSHIP OF PORTAGE
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2007

	<u>Major Funds</u>			<u>Non-major</u>	<u>Total</u>
	<u>General</u>	<u>Fire</u>	<u>Cemetery</u>	<u>Liquor Law</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS:					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 467,978	\$ 118,462	\$ 66,710	\$ 1,907	\$ 655,057
Accounts receivable	644	-	-	-	644
Prepaid expenses	17,664	2,917	2,370	-	22,951
Due from other funds	227,584	118	-	-	227,702
Due from fiduciary funds	18,215	135	-	-	18,350
TOTAL CURRENT ASSETS	\$ 732,085	\$ 121,632	\$ 69,080	\$ 1,907	\$ 924,704
LIABILITIES:					
CURRENT LIABILITIES:					
Accounts payable	\$ 1,101	\$ -	\$ -	\$ -	\$ 1,101
Accrued expenses	3,691	1,227	16	-	4,934
Due to fiduciary funds	-	-	8,000	-	8,000
Deferred revenue	29,399	22,725	-	-	52,124
TOTAL CURRENT LIABILITIES	34,191	23,952	8,016	-	66,159
FUND BALANCES:					
Unreserved	697,894	97,680	61,064	1,907	858,545
TOTAL LIABILITIES AND FUND BALANCES	\$ 732,085	\$ 121,632	\$ 69,080	\$ 1,907	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,121,775
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	<u>(152,951)</u>
Net assets of governmental activities	<u>\$ 1,827,369</u>

The accompanying notes to the financial statements are an integral part of this statement.

CHARTER TOWNSHIP OF PORTAGE
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended December 31, 2007

	Major Funds			Non-Major	Total
	General	Fire	Cemetery	Liquor Law	Governmental
	Fund	Protection	Fund	Fund	Funds
Revenues:					
Taxes	\$ 85,894	\$ 65,975	\$ -	\$ -	\$ 151,869
Commercial Forest	12,826	-	-	-	12,826
State revenue	231,275	-	-	1,481	232,756
Federal grant	-	35,000	-	-	35,000
Charges for services	47,718	-	29,579	-	77,297
Interest	8,617	4,168	10,867	-	23,652
Other revenue	17,505	5,685	6,940	-	30,130
Total revenues	403,835	110,828	47,386	1,481	563,530
Expenditures:					
General government	287,264	-	-	-	287,264
Public safety	2,940	172,394	-	2,196	177,530
Public works	50,761	-	65,645	-	116,406
Recreation and culture	7,539	-	-	-	7,539
Total expenditures	348,504	172,394	65,645	2,196	588,739
Excess (deficiency) of revenue over expenditures	55,331	(61,566)	(18,259)	(715)	(25,209)
Other Financing Sources:					
Transfer from Perpetual Care	-	-	11,803	-	11,803
Loan proceeds	-	86,500	-	-	86,500
Total other financing sources	-	86,500	11,803	-	98,303
Net change in fund balance	55,331	24,934	(6,456)	(715)	73,094
Fund Balances - Beginning of Year	642,563	72,746	67,520	2,622	
Fund Balances - End of Year	\$ 697,894	\$ 97,680	\$ 61,064	\$ 1,907	

Amounts reported for governmental activities in the statement are different because:

Governmental funds do not record depreciation and report capital outlays as expenditures.

This amount represents capital outlay, depreciation, and loss on sale of assets 64,078

Accrued expenses recorded in the statement of activities are not recorded as expenditures in the governmental funds until they are incurred. 2,577

Loan payments on long term debt 6,000

Bond proceeds received for fire truck purchase recorded as loan payable. (86,500)

Change in net assets of governmental activities \$ 59,249

The accompanying notes to the financial statements are an integral part of this statement.

CHARTER TOWNSHIP OF PORTAGE**PROPRIETARY FUNDS****BALANCE SHEET****Year Ended December 31, 2007**

	Business-Type Activities		
	Enterprise Funds		
	Sewer System	Water System	Total
ASSET AND OTHER DEBITS:			
Current Assets:			
Cash	\$ (105,633)	\$ 204,840	\$ 99,207
Receivables	5,722	105,715	111,437
Inventory	-	25,284	25,284
Prepaid expenses	1,457	1,457	2,914
Total current assets	(98,454)	337,296	238,842
Restricted cash	-	127,330	127,330
General fixed assets:			
Fixed Assets	1,410,682	3,093,230	4,503,912
Accumulated depreciation	(906,211)	(877,246)	(1,783,457)
Total general fixed assets	504,471	2,215,984	2,720,455
TOTAL ASSETS AND OTHER DEBITS	\$ 406,017	\$ 2,680,610	\$ 3,086,627
LIABILITIES:			
Current Liabilities:			
Accounts payable	\$ 3,484	\$ -	\$ 3,484
Due to other funds	207,247	20,455	227,702
Current maturities on bond payable	-	57,000	57,000
User deposits	-	16,622	16,622
Accrued expenses	838	1,002	1,840
Deferred revenue	-	103,398	103,398
Total current liabilities	211,569	198,477	410,046
Long-term liabilities:			
Bonds payable net of current maturities	-	1,177,150	1,177,150
TOTAL LIABILITIES	211,569	1,375,627	1,587,196
FUND EQUITY AND OTHER CREDITS:			
Contributed capital	270,976	707,002	977,978
Retained earnings	(76,528)	597,981	521,453
TOTAL FUND EQUITY	194,448	1,304,983	1,499,431
TOTAL LIABILITIES AND FUND EQUITY	\$ 406,017	\$ 2,680,610	\$ 3,086,627

The accompanying notes to the financial statements are an integral part of this statement.

CHARTER TOWNSHIP OF PORTAGE
PROPRIETARY FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN RETAINED EARNINGS
Year Ended December 31, 2007

	Business-Type Activities		
	Enterprise Funds		
	Sewer System	Water System	Total
OPERATING REVENUE			
Charges for services	\$ 142,244	\$ 226,344	\$ 368,588
Parts, meters, hook-up fees	1,513	2,910	4,423
Other	150	5,021	5,171
TOTAL OPERATING REVENUE	143,907	234,275	378,182
EXPENSES:			
Salaries	15,057	25,809	40,866
Payroll taxes	2,494	4,463	6,957
Employee benefits	4,371	6,345	10,716
Supplies	921	1,638	2,559
Utilities	3,296	2,437	5,733
Insurance	3,926	3,477	7,403
Repairs and maintenance	2,295	1,669	3,964
Professional services	3,484	-	3,484
Depreciation	35,093	57,415	92,508
Purchase services	144,812	43,914	188,726
Miscellaneous	561	4,619	5,180
TOTAL EXPENSES	216,310	151,786	368,096
OPERATING INCOME(LOSS)	(72,403)	82,489	10,086
NON-OPERATING REVENUES (EXPENSES):			
Interest income	-	10,768	10,768
Interest expense	-	(31,034)	(31,034)
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	(20,266)	(20,266)
NET INCOME (LOSS)	(72,403)	62,223	(10,180)
RETAINED EARNINGS, BEGINNING OF YEAR	(25,815)	515,408	489,593
ADJUSTMENTS TO FUND EQUITY			
Depreciation on Contributed Capital	21,690	20,350	42,040
RETAINED EARNINGS, END OF YEAR	\$ (76,528)	\$ 597,981	\$ 521,453

The accompanying notes to the financial statements are an integral part of this statement.

CHARTER TOWNSHIP OF PORTAGE
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2007

	Enterprise Funds		
	Sewer System	Water System	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 141,575	\$ 233,916	\$ 375,491
Payments to suppliers	(168,032)	(58,471)	(226,503)
Internal activity -- receipts (payments) to other funds	0	(233,356)	(233,356)
Payments to employees	(21,732)	(36,759)	(58,491)
Other receipts (payments)	0	0	0
Net cash provided by operating activities	(48,189)	(94,670)	(142,859)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers to other funds	0	0	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions	0	700,000	700,000
Purchases of capital assets	0	(469,479)	(469,479)
Principal paid on capital debt	0	(50,850)	(50,850)
Interest paid on capital debt	0	(31,034)	(31,034)
Net cash (used) by capital and related financing activities	0	148,637	148,637
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	0	10,768	10,768
Net cash provided by investing activities	0	10,768	10,768
Net (decrease) in cash and cash equivalents	(48,189)	64,735	16,546
Cash and cash equivalents - beginning of year	(57,444)	267,435	209,991
Cash and cash equivalents - ending of year	\$ (105,633)	\$ 332,170	\$ 226,537
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (72,403)	\$ 82,489	\$ 10,086
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	35,093	57,415	92,508
Change in assets and liabilities			
Receivables, net	(2,332)	18,174	15,842
Other assets	239	531	770
Accounts and other payables	(8,976)	(1,248)	(10,224)
Other liabilities	0	(251,889)	(251,889)
Accrued expenses	190	(142)	48
Net cash provided by operating activities	\$ (48,189)	\$ (94,670)	\$ (142,859)

The accompanying notes to financial statements are an integral part of this statement.

CHARTER TOWNSHIP OF PORTAGE
STATEMENT OF FIDUCIARY NET ASSETS

December 31, 2007

	Cemetery Perpetual Care Fund	Tax Collection Fund	Total
ASSETS:			
RESTRICTED ASSETS:			
Cash and cash equivalents	\$ 356,669	\$ 41,189	\$ 397,858
Investments	576,677	-	576,677
Due from governmental funds	8,000	-	8,000
TOTAL RESTRICTED ASSETS	<u>\$ 941,346</u>	<u>\$ 41,189</u>	<u>\$ 982,535</u>
LIABILITIES:			
CURRENT LIABILITIES:			
Due to governmental funds	\$ -	\$ 18,350	\$ 18,350
Due to other governmental units	-	22,839	22,839
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>41,189</u>	<u>41,189</u>
FUND BALANCES:			
Reserved fund balance	<u>941,346</u>	-	<u>941,346</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 941,346</u>	<u>\$ 41,189</u>	<u>\$ 982,535</u>

The accompanying notes to the financial statements are an integral part of this statement.

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

The Charter Township of Portage is a Charter Township located in Houghton County, Michigan, and encompasses an area of 113.35 square miles. The Township operates under an elected Board of Trustees (seven members, including the Township Supervisor, Township Clerk, Township Treasurer, and four trustees) and provides services to a population of approximately 3,150 Township residents.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Charter Township of Portage, Michigan, conform to generally accepted accounting principles for local governmental units as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. The following is a summary of the more significant policies:

REPORTING ENTITY

The Charter Township of Portage is incorporated under the laws of the State of Michigan and operates under an elected council form of government.

There are no other governmental units within the Township that are controlled by, or dependent upon the Township's Board of Trustees. Control by, or dependence on the Township, was determined on the basis of appointment of the governing body or governing authority budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Township, obligation of the Township to finance any deficits that may occur, surplus funds, and scope of public service.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements - The statement of net assets and the statement of activities display information about the Township as a whole. These statements distinguish between activities that are governmental and those that are considered business-type. These statements exclude fiduciary activities such as trust and agency funds.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under proprietary funds below. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

The government-wide statement of activities presents a comparison between expenses and program revenues for each different identifiable activity of the business-type activities of the Township and for each governmental program. Expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the Township.

Internal activity is limited to inter-fund transfers which are eliminated to avoid "doubling up" revenues and expenses. Net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other purposes result from special revenue and capital projects and the restrictions on their net asset use.

Fund Financial Statements - Fund financial statements report detailed information about the Township. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The major governmental funds are each presented in a single column on the financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following fund types are used by the Township:

Governmental Funds - The focus of the governmental funds' measurement (in the fund statements) is upon determination of the financial position (sources, uses, and balances of financial resources) rather than upon net income.

The following is a description of the major governmental funds of the Township:

General Fund - The General Fund is the government's primary operating fund. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

Fire Fund - The Fire Fund accounts for fire protection by special assessment under Act 33, 1951, as amended.

Cemetery Fund - The Cemetery Fund accounts for all operations of cemetery activities.

The following is a description of the non-major governmental fund of the Township:

Liquor Law Fund - This fund accounts for all activity in connection with liquor law enforcement as required by the State of Michigan and is funded by the same.

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Sewer and Water funds are major enterprise funds of the Township.

Fiduciary Funds - Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Township programs. The agency fund is custodial in nature and does not present results of operations or have a measurement focus. Fiduciary funds are not included in the government-wide statements.

The following is a description of the fiduciary funds:

Current Tax Collection Fund - The Current Tax Collection Fund accounts for collection and disbursement of property tax collections to all taxing agencies.

Cemetery Perpetual Care Fund - This fund invests the funds for perpetual care and the interest income is transferred to the cemetery operating fund for perpetual expenditures.

Accrual Method

The government-wide financials statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Modified Accrual Method

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is incurred.

Property taxes, state revenue, and interest associated with the current fiscal period are all considered to susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Other Accounting Policies

Cash and Cash Equivalents - The Township's cash and cash equivalents include checking, money market, certificates of deposits, and savings accounts.

The Township reports its investments in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and No. 40, Deposits and Investment Risk Disclosures. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Township intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the Township to invest in U.S. government obligations, certificates of deposit, commercial paper, repurchase agreements, bankers acceptances, and with some restrictions, mutual funds. An Attorney General's opinion states that public funds may not be deposited in financial institutions located in states other than Michigan. The Township does have an investment policy that meets state statutory regulations.

Property Taxes - Property taxes are levied on December 1. The Township collects its own property taxes until February 28, at which time unpaid real taxes are turned over to Houghton County for collection.

For the year ended December 31, 2007, the Township levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
Township Operating	1.2751
Fire (Hurontown)	.9857

Restricted assets - Certain cash accounts are classified as restricted assets on the balance sheet because their use is limited.

Receivables and Payables - In general, outstanding balances between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are reported as "due to/from other funds."

All receivables, including property taxes receivable, are shown net of allowance for uncollectibles.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory - Inventory is valued at cost as determined on the first-in, first-out method for the Water Fund. All other funds the Township utilizes the purchase method of recording inventories of materials and supplies. Under the purchase method, inventories are recorded as expenditures when they are purchased.

Encumbrances - Encumbrances are defined as commitments related to unperformed contracts for goods and services. The Township does not record encumbrances in the normal course of operating its accounting system and none are recorded in the accompanying financial statements.

Capital Assets - Capital assets, which include land, buildings, equipment, water/sewer improvements, and vehicles are reported in the applicable governmental activities column in the government-wide financial statements. Fixed assets are defined by the government as assets with an initial individual cost of more than \$3,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair & maintenance that do not add to the value or materially extend asset lives are not capitalized.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-40 years
Vehicles	5-10 years
Furniture and other equipment	5-10 years

Fund Equity - The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distributions. Reserved fund balance for governmental funds represent that portion of fund equity which has been legally segregated for specific purposes and/or does not constitute current available spending resources. Reserved retained earnings for proprietary funds represent the net assets that have been legally identified for specific purposes.

Contributed capital - The Township follows the policy of reducing contributed capital in the water and sewer funds for an amount equal to the yearly depreciation on assets acquired or constructed with such contributed capital. This policy is based on the premise that future replacement of these facilities will be funded by the users who benefit from the facilities and not current users through the current rate structure. At December 31, 2007, Federal, State and Local contributed capital of \$977,978 has been reduced by an aggregate of \$354,524. The current year amortization is \$42,040.

Accrued Benefits - The liabilities for accrued benefits reported in the government-wide statements in the amount of \$11,001, consisted of sick leave and vacation balances. Accrued vacation time is payable upon termination of employment or retirement. Accrued sick leave is not paid to employees upon termination of employment or retirement, thus there is not vested liability for unused sick leave.

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Each October, the Township Supervisor prepares a proposed operating budget for the fiscal year commencing the following January 1, and submits this proposed budget to the Township Board of Trustees at the annual meeting in January.
- b. The Township Board of Trustees reviews the proposed budget, which includes proposed expenditures and the means of financing them.
- c. Pursuant to the statute, the proposed budget as approved by the Board of Trustees, is submitted to the Township at a public hearing, at which time public comment is invited. The final budget is formally adopted at the next board meeting.
- d. The Board of Trustees reviews the budget quarterly during the fiscal year and makes formal amendments when appropriate.
- e. Budget appropriation's lapse at the end of the fiscal year.

Budgetary amounts reported herein are as originally adopted, or as amended by the Township Board throughout the operating year.

In accordance with the State of Michigan Budgeting and Accounting Act, the Township must adopt an annual operating budget for the General and Enterprise Funds.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. Violations, if any, for the general fund are noted in the required supplementary information section.

NOTE C - CASH AND INVESTMENTS

As of December 31, 2007 the Township had the following investments:

Investment Type	Fair Value	Rating
Government and agency securities	<u>\$ 576,677</u>	AAA/Aaa

Interest Rate Risk - In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Township's cash requirements.

Credit Risk - State law limits investments in commercial paper corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE C - CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk - The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial Credit Risk - Deposits - In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2007, \$631,746 of the Township's bank balance of \$1,605,585 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

Custodial Credit Risk - Investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Township will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Township will do business.

At year-end, the Township's cash deposits (checking, savings and certificates of deposit) were reported in the basic financial statements in the following categories:

	Governmental Activities	Enterprise Funds	Fiduciary Funds	Total Primary Government
Unrestricted cash	\$ 655,057	\$ 99,207	\$ 0	\$ 754,264
Restricted cash	0	127,330	397,858	525,188
Total cash and cash equivalents	<u>\$ 655,057</u>	<u>\$ 226,537</u>	<u>\$ 397,858</u>	<u>\$ 1,279,452</u>

NOTE D - INTER-FUND RECEIVABLES AND PAYABLES

The amounts of inter-fund receivables and payables at December 31, 2007 are as follows:

Fund	Inter-fund Receivable	Fund	Inter-fund Payable	Not expected to be paid back within one year
General	\$ 227,584	Sewer Fund	\$ 207,247	\$ 207,247
Fire Fund	118	Portage Water Fund	6,363	0
		Dakota Water Fund	14,092	14,092
TOTALS	<u>\$ 227,702</u>	TOTALS	<u>\$ 227,702</u>	<u>\$ 221,339</u>

The tax collection fund had a total of \$18,350 due to general fund and fire protection fund in the amounts of \$18,215 and \$135, respectively.

NOTE E - RECEIVABLES

The detail of receivables at December 31, 2007 are as follows:

Receivables	General	Proprietary	Total Primary Government
Accounts	\$ 644	\$ 12,100	\$ 12,744
Special assessment	0	99,337	99,337
Total receivables	<u>\$ 644</u>	<u>\$ 111,437</u>	<u>\$ 112,081</u>

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE F - FIXED ASSETS

Fixed Asset activity of the Township's governmental activities was as follows:

	Balance 12/31/06	Additions	Reductions	Balance 12/31/07
Land	\$ 578,659	\$ 0	\$ 28,205	\$ 550,454
Fixed assets being depreciated:				
Buildings	501,055	0	0	501,055
Equipment	128,979	0	1,823	127,156
Machinery	101,615	0	0	101,615
Office equipment	25,653	3,597	0	29,250
Street signs	6,569	0	0	6,569
Vehicles	500,667	129,083	16,002	613,748
	<u>1,264,538</u>	<u>132,680</u>	<u>17,825</u>	<u>1,379,393</u>
Subtotal	<u>1,843,197</u>	<u>132,680</u>	<u>46,030</u>	<u>1,929,847</u>
Accumulated depreciation:				
Buildings	226,320	12,641	0	238,961
Equipment	99,438	2,695	1,823	100,310
Machinery	63,149	7,564	0	70,713
Office equipment	20,211	1,252	0	21,463
Street signs	5,683	260	0	5,943
Vehicles	339,468	44,191	12,977	370,682
Subtotal	<u>754,269</u>	<u>68,603</u>	<u>14,800</u>	<u>808,072</u>
Net capital assets being depreciated	<u>510,269</u>	<u>64,077</u>	<u>3,025</u>	<u>571,321</u>
Net capital assets	<u>\$ 1,088,928</u>	<u>\$ 64,077</u>	<u>\$ 31,230</u>	<u>\$ 1,121,775</u>

Depreciation expense was charged to activities of the Township as follows:

Governmental activities	
General government	\$ 36,916
Public safety	29,462
Public works	2,225
Total governmental activities	<u>\$ 68,603</u>

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE F - FIXED ASSETS (Continued)

The property, plant, and equipment in Township business-type funds at December 31, 2007 are summarized as follows:

SEWER FUND				
	Balance 12/31/06	Additions	Deletions	Balance 12/31/07
Utility system	\$ 1,396,082	\$ 0	\$ 0	\$ 1,396,082
Office equipment	765	0	0	765
Machinery	13,835	0	0	13,835
Subtotal	1,410,682	0	0	1,410,682
Accumulated depreciation:				
Utility system	863,756	\$ 34,840	\$ 0	898,596
Office equipment	765	0	0	765
Machinery	6,597	253	0	6,850
Subtotal	871,118	35,093	0	906,211
Net capital assets	\$ 539,564			\$ 504,471

WATER FUNDS				
	Balance 12/31/06	Additions	Deletions	Balance 12/31/07
Utility system	\$ 1,740,579	\$ 460,619	\$ 0	\$ 2,201,198
Equipment	79,470	0	0	79,470
Office equipment	765	0	0	765
Machinery	4,527	0	0	4,527
Subtotal	1,825,341	460,619	0	2,285,960
Accumulated depreciation:				
Utility system	643,903	\$ 37,273	\$ 0	681,176
Equipment	65,772	212	0	65,984
Office equipment	765	0	0	765
Machinery	4,528	0	0	4,528
Subtotal	714,968	37,485	0	752,453
Net capital assets	\$ 1,110,373			\$ 1,533,507

Dakota				
	Balance 12/31/06	Additions	Deletions	Balance 12/31/07
Utility system	\$ 5,040	\$ 0	\$ 0	\$ 5,040
Equipment	668,918	0	0	668,918
Subtotal	673,958	0	0	673,958
Accumulated depreciation:				
Utility system	91,976	\$ 16,723	\$ 0	108,699
Equipment	2,016	336	0	2,352
Subtotal	93,992	17,059	0	111,051
Net capital assets	\$ 579,966			\$ 562,907

Woodland				
	Balance 12/31/06	Additions	Deletions	Balance 12/31/07
Utility system	\$ 124,452	\$ 8,860	\$ 0	\$ 133,312
Accumulated depreciation	10,872	2,870	0	13,742
Net capital assets	\$ 113,580			\$ 119,570

NOTE G - BOND PAYMENT AND RESERVE REQUIREMENTS - PROPRIETARY FUNDS

PORTAGE WATER FUND

Bond and Interest Redemption Account - The 1986 Water Fund System Special Assessment Bonds requires that the Township set aside each quarter on or after April 1, an amount not less than 1/2 of the amount of interest due on the next interest payment and 1/4 of the amount of principal due on the next principal payment date. The Township's Bond and Interest Redemption Account balance at December 31, 2007 was \$6,570 which is in compliance with bond requirements.

Bond and Interest Redemption Account - 2007 Water Supply and Distribution System Junior Lien Revenue Bond requires that the Township set aside each quarter on or after April 1, an amount not less than 1/2 of the amount of interest due on the next interest payment and 1/4 of the amount of principal due on the next principal payment date. The Township's Bond and Interest Redemption Account balance at December 31, 2007 was \$14,328 which is in compliance with bond requirements.

Bond Reserve Account - 2007 Water Supply and Distribution System Junior Lien Revenue Bond require that the Township establish a bond reserve account to be used for payment on the bonds in the event of default. At December 31, 2007, there was \$913 in the Bond Reserve account which is in compliance with bond requirements.

Repair, Replacement, and Improvement Account - 2007 Water Supply and Distribution System Junior Lien Revenue Bond requires that the Township deposit into a repair, replacement, and improvement account (RRI) at least \$1,725 per quarter, less the amount, if any, deposited in the Bond Reserve Account. The Township's RRI Account balance at December 31, 2007 was \$812, which is in compliance with bond requirements.

DAKOTA HEIGHTS WATER FUND

Bond and Interest Redemption Account - Water Supply System Revenue Bonds, Series 2000 requires that the Township set aside each quarter on or after April 1, an amount not less than 1/2 of the amount of interest due on the next interest payment and 1/4 of the amount of principal due on the next principal payment date. The Township's Bond and Interest Redemption Account balance at December 31, 2007 was \$7,007, which is in compliance with bond requirements.

Bond Reserve Account - Water Supply System Revenue Bonds, Series 2000 requires that the Township deposit \$275 per quarter into a bond reserve account to be used for payment on the bonds in the event of default. The Township's Bond Reserve Account balance at December 31, 2007 was \$8,003, which is in compliance with bond requirements.

Repair, Replacement, and Improvement Account - Water Supply System Revenue Bonds, Series 2000 requires that the Township deposit into a repair, replacement, and improvement account (RRI) at least \$2,100 per quarter, less the amount, if any, deposited in the Bond Reserve Account. The Township's RRI Account balance at December 31, 2007 should be \$52,925, which is \$8,935 short of compliance with bond requirements.

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE H - ACCUMULATED UNPAID VACATION AND SICK LEAVE

Township full time employees accumulate vacation days based on 160 hours of work. The maximum vacation accrual is thirty (30) days. Vacation days are earned on an annual basis at the following rate, per every 160 hours worked:

<u>Years of Employment</u>	<u>Vacation Days</u>
One year	½
Two through seven	1
Eight through ten	1 ¼
Eleven or more	1 ½

Township full time employees accumulate sick leave days monthly at a rate of one-half (½) day for each two weeks of employment. The maximum sick leave accrual is twenty-four (24) days.

Accumulated unpaid vacation and sick leave at December 31, 2007 and 2006 were \$11,001 and \$13,578, respectively.

NOTE I - LONG-TERM DEBT

Portage Water Bonds

On November 1, 2005 the Township refinanced the 1986 Water System revenue bonds with River Valley State Bank totaling \$325,000. The original bonds were for the purpose of acquiring and constructing additions and improvements to the Township Water distribution system. The bonds bears a varying interest rate of 3.25-4.30% per annum. The payment schedule for the bonds is as follows:

WATER SUPPLY & DISTRIBUTION SYSTEM REVENUE BONDS

<u>Year</u>	<u>July 1</u>	<u>November 1</u>		<u>Total</u>
	<u>Interest</u>	<u>Interest</u>	<u>Principal</u>	
2008	\$ 4,787	\$ 4,787	\$ 25,000	\$ 34,574
2009	4,470	4,470	25,000	33,940
2010	4,061	4,061	30,000	38,122
2011	3,642	3,642	30,000	37,284
2012	3,214	3,214	30,000	36,428
2013	2,776	2,776	30,000	35,552
2014	2,328	2,328	35,000	39,656
2015	1,786	1,786	35,000	38,572
2016	1,231	1,231	34,150	36,612
TOTALS	<u>\$ 28,295</u>	<u>\$ 28,295</u>	<u>\$ 274,150</u>	<u>\$ 330,740</u>

Special assessment bonds were issued in 1986 in the amount of \$135,000 (United States Development Authority) for the purpose of defraying part of the cost of water supply and distribution system improvements. The bonds are being repaid from collections on certain special assessment rolls. In addition, the Township has pledged its full faith and credit for repayment of the bonds. The bonds bear an interest rate not to exceed 6.125% per annum. Bonds maturing after July 1, 1987 are subject to redemption prior to maturity, in inverse order, at the option of the Township on any interest payment date after January 1, 1986. The payment schedule for the bonds is as follows:

WATER SPECIAL ASSESSMENT BONDS

<u>Year</u>	<u>January 1</u>	<u>July 1</u>		<u>Total</u>
	<u>Interest</u>	<u>Interest</u>	<u>Principal</u>	
2008	\$ 980	\$ 980	\$ 5,000	\$ 6,960
2009	827	827	4,000	5,654
2010	705	704	5,000	6,409
2011	92	92	3,000	3,184
TOTALS	<u>\$ 2,604</u>	<u>\$ 2,603</u>	<u>\$ 17,000</u>	<u>\$ 22,207</u>

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE I - LONG-TERM DEBT (Continued)

2007 Water Supply and Distribution System Junior Lien Revenue Bond was issued on August 16, 2007 in the amount of \$700,000 for the purpose of acquiring and constructing additions and improvements to the Township Water distribution system. The bonds are self-liquidating and are not general obligations of the Township, but are payable both as to principal and interest solely from the revenues of the Water Supply and Distribution System. The bonds bear an interest rate not to exceed 4.125% per annum. The payment schedule for the bonds is as follows:

2007 WATER SUPPLY & DISTRIBUTION SYSTEM REVENUE BONDS

<u>Year</u>	<u>January 1</u>	<u>July 1</u>		<u>Total</u>
	<u>Interest</u>	<u>Interest</u>	<u>Principal</u>	
2008	\$ 10,828	\$ 14,438	\$ 7,000	\$ 32,266
2009	14,293	14,293	7,000	35,586
2010	14,149	14,149	8,000	36,298
2011	13,984	13,984	8,000	35,968
2012	13,819	13,819	8,000	35,638
2013-2017	66,393	66,393	47,000	179,786
2018-2022	61,092	61,092	59,000	181,184
2023-2027	54,512	54,512	71,000	180,024
2028-2032	46,571	46,571	87,000	180,142
2033-2037	36,836	36,836	106,000	179,672
2038-2042	24,956	24,956	130,000	179,912
2043-2047	10,395	10,395	162,000	182,790
TOTALS	\$ 367,828	\$ 371,438	\$ 700,000	\$ 1,439,266

Dakota Heights Water Fund

Water Supply System Revenue Bonds, Series 2000 were issued on September 12, 2000 in the amount of \$196,000 for the purpose of acquiring and constructing additions and improvements to the Township Water distribution system. The bonds are self-liquidating and are not general obligations of the Township, but are payable both as to principal and interest solely from the revenues of the Water Supply and Distribution System. The bonds bear an interest rate not to exceed 4.50% per annum. The payment schedule for the bonds is as follows:

2000 WATER SUPPLY & DISTRIBUTION SYSTEM REVENUE BONDS

<u>Year</u>	<u>February 1</u>	<u>August 1</u>		<u>Total</u>
	<u>Interest</u>	<u>Interest</u>	<u>Principal</u>	
2008	\$ 3,982	\$ 3,983	\$ 3,000	\$ 10,965
2009	3,915	3,915	3,000	10,830
2010	3,847	3,848	3,000	10,695
2011	3,780	3,780	3,000	10,560
2012	3,712	3,713	3,000	10,425
2013-2017	17,551	17,551	16,000	51,102
2018-2022	15,525	15,525	20,000	51,050
2023-2027	13,050	13,050	26,000	52,100
2028-2032	9,878	9,878	32,000	51,756
2033-2037	5,940	5,940	40,000	51,880
2038-2040	1,283	1,283	28,000	30,566
TOTALS	\$ 82,463	\$ 82,466	\$ 177,000	\$ 341,929

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE I - LONG-TERM DEBT (Continued)

Pilgrim Estates (Woodland Water Fund)

On May 1, 2003, the Township issued \$127,000 of general obligation - limited tax bonds for the purpose of paying all or part of the cost of certain capital improvements in the Pilgrim Estates area.

The bond issue or \$5,000 portions of the bond is subject to redemption at the option of the Township in whole or in part, in such order as determined by the Township, on any interest payment date on or after March 1, 2004, at par and accrued interest to the date fixed for redemption. The bond maturing on March 1, 2011 (the "Term Bond") is subject to mandatory redemption in part, by lot, at par, plus accrued interest to the date fixed for redemption without premium on March 1 of each of the years and in the principal amounts set forth in the debt schedule as follows:

2003 GENERAL OBLIGATION LIMITED TAX BOND

Year	March 1		Total
	Interest	Principal	
2008	\$ 2,257	\$ 17,000	\$ 19,257
2009	1,676	17,000	18,676
2010	1,094	17,000	18,094
2011	513	15,000	15,513
TOTALS	\$ 5,540	\$ 66,000	\$ 71,540

Capital Lease Agreements

On December 22, 2004, the Township entered into a municipal lease-purchase agreement with Ford Motor Credit Company in the amount of \$70,750 for a 2004 Sterling 660 Dump Truck. This lease has an annual percentage rate of 5% and fixed payments will be made annually which will include interest. The lease with Government Capital Corporation will expire April 1, 2008, at which time the Township will legally own the pumper.

Year	Principal	Interest	Total
2008	\$ 13,800	\$ 1,483	\$ 15,353

Hurontown Fire Truck

On March 15, 2006 entered into a note with U.S. Rural Development to purchase a fire truck for the Hurontown Fire Department. The fire truck is being purchased with grant proceeds of \$35,000, township obligation of \$30,000 and a note in the amount of \$120,000. The note has an interest rate of 4.25% and maturing on March 15, 2021. At December 31, 2007 the township had only drawn down \$33,500 on the note.

Year	March 15		Total
	Interest	Principal	
2008	\$ 4,845	\$ 6,500	\$ 11,345
2009	4,568	6,500	11,068
2010	4,292	7,000	11,292
2011	3,995	7,000	10,995
2012	3,698	7,500	11,198
2013-2017	13,599	41,500	55,099
2018-2021	4,103	38,000	42,103
TOTALS	\$ 39,100	\$ 114,000	\$ 153,100

CHARTER TOWNSHIP OF PORTAGE
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE I - LONG-TERM DEBT (Continued)

The following is a summary of the changes in long-term debt principal for the year ended December 31, 2007:

	Balance 12/31/06	Additions	Reductions	Balance 12/31/07	Current Maturities
<i>Enterprise</i>					
Portage Water Fund:					
Water Supply Bond 2007	\$ 0	\$ 700,000	\$ 0	\$ 700,000	\$ 7,000
Water Supply Bond 2000	300,000	0	25,850	274,150	25,000
Special Assessment	22,000	0	5,000	17,000	5,000
Dakota Heights Water Fund	180,000	0	3,000	177,000	3,000
Woodland Water Fund	83,000	0	17,000	66,000	17,000
Sub-Total	<u>585,000</u>	<u>700,000</u>	<u>50,850</u>	<u>1,234,150</u>	<u>57,000</u>
<i>Governmental Funds</i>					
General Fund-Dump Truck	27,950	0	14,150	13,800	13,800
Fire Protection Fund	33,500	86,500	6,000	114,000	6,500
Sub-Total	<u>61,450</u>	<u>86,500</u>	<u>20,150</u>	<u>127,800</u>	<u>20,300</u>
TOTALS	<u>\$ 646,450</u>	<u>\$ 786,500</u>	<u>\$ 71,000</u>	<u>\$ 1,361,950</u>	<u>\$ 77,300</u>

SUMMARY SCHEDULE OF LONG-TERM DEBT

Year	Interest	Principal	Total
2008	\$ 53,350	\$ 77,300	\$ 130,650
2009	53,254	62,500	115,754
2010	50,910	70,000	120,910
2011	47,504	66,000	113,504
2012	45,189	48,500	93,689
2013-2017	197,729	238,650	436,379
2018-2022	157,337	117,000	274,337
2023-2027	135,124	97,000	232,124
2028-2032	112,898	119,000	231,898
2033-2037	85,552	146,000	231,552
2038-2042	52,478	158,000	210,478
2043-2047	20,790	162,000	182,790
TOTALS	<u>\$ 1,012,115</u>	<u>\$ 1,361,950</u>	<u>\$ 2,374,065</u>

NOTE J - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Township maintained four Enterprise Funds which provided water and sewer services. Segment information for the year ended December 31, 2007 is as follows:

	Sewer	Portage Water	Dakota Water	Woodland Water
Operating Revenues	\$143,907	\$151,957	\$22,566	\$59,752
Depreciation	\$35,093	\$37,485	\$17,059	\$2,871
Operating Income (Loss)	(\$72,403)	\$51,847	(\$1,242)	\$31,884
Non-operating Revenue (Expense)	\$0	(\$12,803)	(\$6,003)	\$1,460
Net Income (Loss)	(\$72,403)	\$39,044	(\$7,245)	\$30,424
Property, Plant, and Equipment:				
Additions	\$0	\$460,619	\$0	\$0
Net Working Capital (Deficit)	(\$310,023)	\$78,645	(\$18,282)	\$78,456
Total Assets	\$406,017	\$1,759,021	\$625,202	\$296,387
Total Equity	\$194,448	\$726,332	\$429,625	\$149,026

NOTE K - DEFERRED REVENUE

Deferred revenues are those where asset recognition criteria has been met, but for which revenue recognition criteria have not been met. The following schedule details deferred revenue as of December 31, 2007:

<u>Fund</u>	<u>Property Taxes</u>	<u>Special Assessments</u>	<u>Total</u>
General Fund	\$ 29,399	\$ 0	\$ 29,399
Fire Protection Fund	22,725	0	22,725
Portage Water Fund	0	22,783	22,783
Woodland Water Fund	0	80,615	80,615
Totals	<u>\$ 52,124</u>	<u>\$ 103,398</u>	<u>\$ 155,522</u>

NOTE L - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township continues to carry commercial insurance for property, liability, wrongful acts, crime inland marine, and other risks of loss including worker's compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE M - DEFINED CONTRIBUTION PLAN

The Township is a member of the John Hancock Defined Contribution Pension Plan for Michigan Township Employees and provides pension benefits for all of its eligible employees through this plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Full-time and seasonal employees are eligible to participate from their date of employment. The Township policy requires that the Township contribute an amount equal to 5% of the employee's compensation. No contribution is required by any employee, although an employee may contribute. Township contributions for each employee and allocated to the employee's account are fully vested. Any amount contributed voluntarily by the employee under the plan, plus any earnings, are fully vested at the time of the contribution or crediting of investment earnings.

The Township's total payroll in 2007 was \$206,129. The Township's contributions were calculated using the eligible wage amount of \$192,541. The Township made the required 5% contribution amounting to \$9,623.

NOTE N - RECLASSIFICATION

Certain items in the December 2006 financial statements have been reclassified to conform with the current year presentation.

REQUIRED SUPPLEMENTAL INFORMATION

CHARTER TOWNSHIP OF PORTAGE
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Year Ending December 31, 2007

	Budgeted Amounts		Actual (GAAP Basis)	Variance Final to Actual
	Original	Final		
REVENUES:				
Local sources	\$ 277,700	\$ 277,700	\$ 159,734	\$ (117,966)
State sources	230,000	230,000	231,275	1,275
Federal sources	0	0	12,826	12,826
TOTAL REVENUE	<u>507,700</u>	<u>507,700</u>	<u>403,835</u>	<u>(103,865)</u>
EXPENDITURES:				
Assessor	13,000	15,000	12,552	2,448
Supervisor	23,000	23,000	22,400	600
Clerk	25,000	25,000	22,360	2,640
Treasurer	34,000	34,000	20,910	13,090
Zoning and planning	6,000	6,000	2,033	3,967
General services	14,000	24,000	18,392	5,608
Township board	8,000	8,000	4,034	3,966
Town Hall	17,000	22,000	25,235	(3,235)
Other activities	100,000	100,000	127,606	(27,606)
Recreation	23,000	23,000	7,539	15,461
Motor vehicle pool	100,000	100,000	31,726	68,274
Constable	3,500	3,500	2,940	560
Elections	3,000	3,000	1,777	1,223
Maintenance building	31,000	31,000	31,998	(998)
Roads and repairs	40,000	40,000	17,002	22,998
TOTAL EXPENDITURES	<u>440,500</u>	<u>457,500</u>	<u>348,504</u>	<u>108,996</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	67,200	50,200	55,331	(5,131)
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>259,600</u>	<u>259,600</u>	<u>0</u>	<u>259,600</u>
NET CHANGE IN FUND BALANCE	<u>\$ 326,800</u>	<u>\$ 309,800</u>	55,331	<u>\$ 254,469</u>
FUND BALANCE - BEGINNING OF YEAR			<u>642,563</u>	
FUND BALANCE - END OF YEAR			<u>\$ 697,894</u>	

CHARTER TOWNSHIP OF PORTAGE
BUDGETARY COMPARISON SCHEDULE
FIRE PROTECTION FUND

For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(GAAP Basis)</u>	<u>Final to Actual</u>
REVENUES:				
Local sources	\$ 71,000	\$ 71,000	\$ 75,828	\$ 4,828
Federal sources	0	0	35,000	35,000
TOTAL REVENUE	<u>71,000</u>	<u>71,000</u>	<u>110,828</u>	<u>39,828</u>
EXPENDITURES:				
Hurontown Fire Department	81,000	81,000	147,943	(66,943)
Otter Lake Fire Department	<u>50,000</u>	<u>50,000</u>	<u>16,158</u>	<u>33,842</u>
TOTAL EXPENDITURES	<u>131,000</u>	<u>131,000</u>	<u>164,101</u>	<u>(33,101)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(60,000)	(60,000)	(53,273)	(6,727)
OTHER FINANCING SOURCES (USES)				
Interest payments	0	0	(2,293)	2,293
Principal payments	0	0	(6,000)	6,000
Bond proceeds	<u>0</u>	<u>0</u>	<u>86,500</u>	<u>(86,500)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>78,207</u>	<u>(78,207)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (60,000)</u>	<u>\$ (60,000)</u>	24,934	<u>\$ (93,227)</u>
FUND BALANCE - BEGINNING OF YEAR			<u>72,746</u>	
FUND BALANCE - END OF YEAR			<u>\$ 97,680</u>	

CHARTER TOWNSHIP OF PORTAGE
BUDGETARY COMPARISON SCHEDULE
CEMETERY FUND

For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(GAAP Basis)</u>	<u>Final to Actual</u>
REVENUES:				
Local sources	\$ 39,000	\$ 39,000	\$ 47,386	\$ 8,386
EXPENDITURES:				
Cemetery operating expenses	85,000	85,000	65,645	(19,355)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(46,000)	(46,000)	(18,259)	27,741
OTHER FINANCING SOURCES (USES)				
Transfer from Perpetual Care	35,000	35,000	11,803	23,197
TOTAL OTHER FINANCING SOURCES	35,000	35,000	11,803	23,197
NET CHANGE IN FUND BALANCE	\$ (11,000)	\$ (11,000)	(6,456)	\$ 50,938
FUND BALANCE - BEGINNING OF YEAR			67,520	
FUND BALANCE - END OF YEAR			\$ 61,064	

SUPPLEMENTAL FINANCIAL INFORMATION

CHARTER TOWNSHIP OF PORTAGE
GENERAL FUND
DETAILED STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
REVENUES:		
Property tax	\$ 85,894	\$ 81,945
Commercial Forest	12,826	11,045
State shared revenues	231,275	235,017
Administration fees	47,718	54,851
Interest	8,617	12,030
Other	<u>17,505</u>	<u>12,924</u>
TOTAL REVENUES	<u>403,835</u>	<u>407,812</u>
EXPENDITURES:		
ASSESSOR:		
Tax supplies	200	1,209
Contract labor	9,600	10,976
Miscellaneous	<u>2,752</u>	<u>997</u>
Total assessor	<u>12,552</u>	<u>13,182</u>
SUPERVISOR:		
Salaries	20,000	19,250
Supplies	60	-
Travel expenses	1,677	705
Miscellaneous	<u>663</u>	<u>622</u>
Total supervisor	<u>22,400</u>	<u>20,577</u>
CLERK:		
Salaries	20,847	19,704
Office supplies	468	248
Equipment	211	-
Miscellaneous	<u>834</u>	<u>164</u>
Total clerk	<u>22,360</u>	<u>20,116</u>
TREASURER:		
Salaries	18,342	17,880
Supplies	265	1,399
Tax supplies	1,801	9,532
Equipment	-	200
Miscellaneous	<u>502</u>	<u>1,494</u>
Total treasurer	<u>20,910</u>	<u>30,505</u>
ZONING AND PLANNING:		
Salaries	1,318	1,502
Supplies	28	162
Printing and publishing	341	650
Travel expenses	150	850
Miscellaneous	<u>196</u>	<u>629</u>
Total zoning and planning	<u>2,033</u>	<u>3,793</u>

CHARTER TOWNSHIP OF PORTAGE
GENERAL FUND
DETAILED STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE (Continued)
Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
GENERAL SERVICES:		
Professional services	11,684	13,283
Supplies	85	-
Tower rent and expenses	1,209	1,290
Miscellaneous	<u>5,414</u>	<u>5,635</u>
Total general services	<u>18,392</u>	<u>20,208</u>
TOWNSHIP BOARD:		
Salaries	3,738	5,403
Supplies	3	9
Contributions	200	375
Miscellaneous	<u>93</u>	<u>2,416</u>
Total township board	<u>4,034</u>	<u>8,203</u>
TOWN HALL:		
Salaries	4,908	7,662
Supplies	2,653	2,601
Utilities	8,843	6,454
Repairs and maintenance	4,257	1,598
Miscellaneous	<u>4,574</u>	<u>3,291</u>
Total town hall	<u>25,235</u>	<u>21,606</u>
OTHER ACTIVITIES:		
Salaries	31,430	28,104
Payroll taxes	10,381	8,743
Employee benefits	38,732	33,317
Printing and publishing	3,826	1,111
Insurance	27,678	24,966
Board of review	1,266	625
Street lights	12,990	11,309
Miscellaneous	<u>1,303</u>	<u>590</u>
Total other activities	<u>127,606</u>	<u>108,765</u>
RECREATION:		
Salaries	3,214	4,994
Supplies	167	804
Utilities	1,721	1,168
Printing and publishing	-	170
Professional services	-	1,185
Repairs and maintenance	1,132	1,619
Miscellaneous	<u>1,305</u>	<u>1,015</u>
Total recreation	<u>7,539</u>	<u>10,955</u>
MOTOR VEHICLE POOL:		
Salaries	5,471	7,968
Supplies	-	20

CHARTER TOWNSHIP OF PORTAGE
GENERAL FUND
DETAILED STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE (Continued)
Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Repairs and maintenance	16,408	40,209
Fuel	9,847	9,344
Miscellaneous	-	105
Total motor vehicle pool	<u>31,726</u>	<u>57,646</u>
CONSTABLE:		
Salaries	2,940	2,940
Insurance	-	115
Total constable	<u>2,940</u>	<u>3,055</u>
ELECTIONS:		
Salaries	18	106
Supplies	136	2,546
Printing and publishing	57	213
Miscellaneous	606	690
Contract labor	960	5,770
Total elections	<u>1,777</u>	<u>9,325</u>
MAINTENANCE BUILDING:		
Salaries	8,567	2,871
Supplies	6,167	5,257
Utilities	5,171	5,140
Repairs and maintenance	3,626	3,971
Capital outlay	6,615	-
Miscellaneous	1,852	1,129
Total maintenance building	<u>31,998</u>	<u>18,368</u>
ROADS AND REPAIRS:		
Salaries	-	796
Street signs	-	1,188
Paving roads	-	55,886
Oiling roads	16,090	14,602
Miscellaneous	912	9,458
Total roads and repairs	<u>17,002</u>	<u>81,930</u>
TOTAL EXPENDITURES	<u>348,504</u>	<u>428,234</u>
EXCESS OF REVENUES OVER EXPENDITURES	55,331	(20,422)
FUND BALANCE, BEGINNING OF YEAR	<u>642,563</u>	<u>662,985</u>
FUND BALANCE, END OF YEAR	<u>\$ 697,894</u>	<u>\$ 642,563</u>

CHARTER TOWNSHIP OF PORTAGE
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
December 31, 2007

	Fire Protection	Cemetery Operating	Liquor law Enforcement	TOTALS (Memorandum Only)	
				2007	2006
ASSET AND OTHER DEBITS:					
Cash	\$ 118,462	\$ 66,710	\$ 1,907	\$ 187,079	\$ 157,503
Taxes receivables	-	-	-	-	-
Due from other funds	253	-	-	253	1,929
Prepaid expenses	2,917	2,370	-	5,287	4,676
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 121,632</u>	<u>\$ 69,080</u>	<u>\$ 1,907</u>	<u>\$ 192,619</u>	<u>\$ 164,108</u>
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	1,036
Due to other funds	-	8,000	-	8,000	4,000
Accrued expenses	1,227	16	-	1,243	1,095
Deferred revenue	22,725	-	-	22,725	15,089
TOTAL LIABILITIES	<u>23,952</u>	<u>8,016</u>	<u>-</u>	<u>31,968</u>	<u>21,220</u>
FUND EQUITY					
Fund balance	97,680	61,064	1,907	160,651	142,888
TOTAL LIABILITIES, FUND EQUITY	<u>\$ 121,632</u>	<u>\$ 69,080</u>	<u>\$ 1,907</u>	<u>\$ 192,619</u>	<u>\$ 164,108</u>

CHARTER TOWNSHIP OF PORTAGE
SPECIAL REVENUE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
Year Ended December 31, 2007

	Fire Protection	Cemetery Operating	Liquor Law Fund	Totals (Memorandum Only)	
				2007	2006
REVENUES:					
Taxes	\$ 65,975	\$ -	\$ -	\$ 65,975	\$ 64,745
State	-	-	1,481	1,481	1,529
Federal	35,000	-	-	35,000	-
Charges for services	-	29,579	-	29,579	34,737
Interest	4,168	10,867	-	15,035	8,242
Other	5,685	6,940	-	12,625	7,345
TOTAL REVENUES	110,828	47,386	1,481	159,695	116,598
EXPENDITURES:					
Salaries	4,440	37,085	2,040	43,565	44,869
Payroll taxes	165	5,450	156	5,771	7,348
Employee benefits	-	1,662	-	1,662	2,045
Supplies	2,406	968	-	3,374	4,413
Utilities	9,200	6,698	-	15,898	17,931
Insurance	10,862	6,993	-	17,855	12,922
Professional services	-	-	-	-	10,774
Printing & publishing	-	333	-	333	153
Repairs and maintenance	9,874	3,638	-	13,512	89,110
Contract labor	-	1,936	-	1,936	4,064
Fuel	1,882	-	-	1,882	1,927
Capital outlay	122,468	-	-	122,468	71,075
Miscellaneous	2,804	882	-	3,686	2,514
TOTAL EXPENDITURES	164,101	65,645	2,196	231,942	269,145
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(53,273)	(18,259)	(715)	(72,247)	(152,547)
OTHER FINANCING SOURCES:					
Interest payments	(2,293)	-	-	(2,293)	(1,783)
Principal payments	(6,000)	-	-	(6,000)	(7,268)
Sale of cemetery vault	-	-	-	-	172,200
Loan proceeds	86,500	-	-	86,500	33,500
Transfer from Perpetual Care	-	11,803	-	11,803	24,762
TOTAL OTHER FINANCING SOURCES	78,207	11,803	-	90,010	221,411
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	24,934	(6,456)	(715)	17,763	68,864
FUND BALANCE, BEGINNING OF YEAR	72,746	67,520	2,622	142,888	74,024
FUND BALANCE (DEFICIT), END OF YEAR	\$ 97,680	\$ 61,064	\$ 1,907	\$ 160,651	\$ 142,888

CHARTER TOWNSHIP OF PORTAGE
FIRE PROTECTION FUND
DETAILED SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
REVENUES:		
Taxes	\$ 65,975	\$ 64,745
Federal	35,000	-
Interest	4,168	3,336
Other	<u>5,685</u>	<u>345</u>
TOTAL REVENUES	<u>110,828</u>	<u>68,426</u>
EXPENDITURES:		
Salaries	4,440	4,100
Payroll taxes	165	317
Supplies	2,406	1,118
Utilities	9,200	8,873
Insurance	10,862	7,564
Repairs and maintenance	9,874	10,174
Fuel	1,882	1,927
Miscellaneous	2,804	2,018
Capital outlay	<u>122,468</u>	<u>71,075</u>
TOTAL EXPENDITURES	<u>164,101</u>	<u>107,166</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(53,273)	(38,740)
OTHER FINANCING SOURCES (USES)		
Interest payments	(2,293)	(1,783)
Principal payments	(6,000)	(7,268)
Hurontown Fire truck loan proceeds	<u>86,500</u>	<u>33,500</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>78,207</u>	<u>24,449</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	24,934	(14,291)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>72,746</u>	<u>87,037</u>
FUND BALANCE, END OF YEAR	<u>\$ 97,680</u>	<u>\$ 72,746</u>

CHARTER TOWNSHIP OF PORTAGE
CEMETERY OPERATING FUND
DETAILED SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
REVENUES:		
Charges for services	\$ 29,579	\$ 34,737
Interest	10,867	4,906
Other	<u>6,940</u>	<u>7,000</u>
TOTAL REVENUES	<u>47,386</u>	<u>46,643</u>
EXPENDITURES:		
Salaries	37,085	38,729
Payroll taxes	5,450	6,874
Employee benefits	1,662	2,045
Supplies	968	3,128
Utilities	6,698	9,058
Insurance	6,993	5,358
Professional services	-	10,774
Printing and publishing	333	153
Repairs and maintenance	3,638	78,936
Contract labor	1,936	4,064
Fuel	-	-
Miscellaneous	<u>882</u>	<u>496</u>
TOTAL EXPENDITURES	<u>65,645</u>	<u>159,615</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(18,259)	(112,972)
OTHER FINANCING SOURCES (USES):		
Sale of cemetery vault and property	-	172,200
Transfer from Perpetual Care	<u>11,803</u>	<u>24,762</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>11,803</u>	<u>196,962</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(6,456)	83,990
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>67,520</u>	<u>(16,470)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 61,064</u>	<u>\$ 67,520</u>

CHARTER TOWNSHIP OF PORTAGE
LIQUOR LAW ENFORCEMENT FUND
DETAILED SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
REVENUES:		
State	\$ 1,481	\$ 1,529
EXPENDITURES:		
Salaries	2,040	2,040
Payroll taxes	156	157
Supplies	-	167
TOTAL EXPENDITURES	<u>2,196</u>	<u>2,364</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(715)	(835)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>2,622</u>	<u>3,457</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,907</u>	<u>\$ 2,622</u>

CHARTER TOWNSHIP OF PORTAGE
ENTERPRISE FUNDS
COMBINING BALANCE SHEETS- ALL ENTERPRISE FUNDS
Year Ended December 31, 2007

	Sewer	Portage Water	Dakota Heights Water	Woodland Road Water	TOTALS (Memorandum Only)	
					2007	2006
ASSET AND OTHER DEBITS:						
Current Assets:						
Cash	\$ (105,633)	\$ 106,169	\$ 3,308	\$ 95,363	99,207	\$ 101,341
Receivables	5,722	24,274	(13)	81,454	111,437	127,279
Inventory	-	25,284	-	-	25,284	25,575
Prepaid expenses	1,457	1,457	-	-	2,914	3,393
Total current assets	(98,454)	157,184	3,295	176,817	238,842	257,588
Restricted cash	-	68,330	59,000	-	127,330	108,650
General fixed assets:						
Fixed Assets	1,410,682	2,285,960	673,958	133,312	4,503,912	4,034,433
Accumulated depreciation	(906,211)	(752,453)	(111,051)	(13,742)	(1,783,457)	(1,690,950)
Total general fixed assets	504,471	1,533,507	562,907	119,570	2,720,455	2,343,483
TOTAL ASSETS AND OTHER DEBITS	\$ 406,017	\$ 1,759,021	\$ 625,202	\$ 296,387	\$ 3,086,627	\$ 2,709,721
LIABILITIES:						
Current Liabilities:						
Accounts payable	\$ 3,484	\$ -	\$ -	\$ -	\$ 3,484	\$ 13,708
Due to other funds	207,247	6,363	14,092	-	227,702	461,058
Current maturities on bond payable	-	37,000	3,000	17,000	57,000	50,000
User deposits	-	11,611	4,375	636	16,622	16,622
Accrued expenses	838	782	110	110	1,840	1,791
Deferred revenue	-	22,783	-	80,615	103,398	121,931
Total current liabilities	211,569	78,539	21,577	98,361	410,046	665,110
Long-term liabilities:						
Bonds payable net of current maturities	-	954,150	174,000	49,000	1,177,150	535,000
TOTAL LIABILITIES	211,569	1,032,689	195,577	147,361	1,587,196	1,200,110
FUND EQUITY AND OTHER CREDITS:						
Contributed capital	270,976	292,610	414,392	-	977,978	1,020,018
Retained earnings	(76,528)	433,722	15,233	149,026	521,453	489,593
TOTAL FUND EQUITY	194,448	726,332	429,625	149,026	1,499,431	1,509,611
TOTAL LIABILITIES AND FUND EQUITY	\$ 406,017	\$ 1,759,021	\$ 625,202	\$ 296,387	\$ 3,086,627	\$ 2,709,721

CHARTER TOWNSHIP OF PORTAGE
ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS- ALL ENTERPRISE FUNDS

Year Ended December 31, 2007

	Sewer	Portage Water	Dakota Heights Water	Woodland Road Water	Totals (Memorandum Only)	
					2007	2006
OPERATING REVENUE						
Charges for services	\$ 142,244	\$ 145,803	\$ 21,952	\$ 58,589	\$ 368,588	\$ 326,601
Parts, meters, hook-up fees	1,513	1,655	223	1,032	4,423	1,135
Other	150	4,499	391	131	5,171	9,274
TOTAL OPERATING REVENUE	<u>143,907</u>	<u>151,957</u>	<u>22,566</u>	<u>59,752</u>	<u>378,182</u>	<u>337,010</u>
EXPENSES:						
Salaries	15,057	17,090	4,185	4,534	40,866	46,681
Payroll taxes	2,494	2,977	719	767	6,957	8,158
Employee benefits	4,371	5,787	332	226	10,716	9,897
Supplies	921	918	482	238	2,559	8,586
Utilities	3,296	2,437	-	-	5,733	4,985
Insurance	3,926	3,477	-	-	7,403	4,634
Repairs and maintenance	2,295	1,669	-	-	3,964	3,685
Professional services	3,484	-	-	-	3,484	3,060
Depreciation	35,093	37,485	17,059	2,871	92,508	90,273
Purchase services	144,812	24,639	659	18,616	188,726	164,328
Miscellaneous	561	3,631	372	616	5,180	11,397
TOTAL EXPENSES	<u>216,310</u>	<u>100,110</u>	<u>23,808</u>	<u>27,868</u>	<u>368,096</u>	<u>355,684</u>
OPERATING INCOME(LOSS)	(72,403)	51,847	(1,242)	31,884	10,086	(18,674)
NON-OPERATING REVENUES (EXPENSES):						
Interest income	-	7,583	2,097	1,088	10,768	12,578
Interest expense	-	(20,386)	(8,100)	(2,548)	(31,034)	(22,020)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>-</u>	<u>(12,803)</u>	<u>(6,003)</u>	<u>1,460</u>	<u>(20,266)</u>	<u>(9,442)</u>
NET INCOME (LOSS)	(72,403)	39,044	(7,245)	30,424	(10,180)	(28,116)
RETAINED EARNINGS, BEGINNING OF YEAR	(25,815)	384,588	12,218	118,602	489,593	475,669
ADJUSTMENTS TO FUND EQUITY						
Depreciation on Contributed Capital	<u>21,690</u>	<u>10,090</u>	<u>10,260</u>	<u>-</u>	<u>42,040</u>	<u>42,040</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ (76,528)</u>	<u>\$ 433,722</u>	<u>\$ 15,233</u>	<u>\$ 149,026</u>	<u>\$ 521,453</u>	<u>\$ 489,593</u>

CHARTER TOWNSHIP OF PORTAGE
COMBINING STATEMENTS OF CASH FLOWS
ALL ENTERPRISE FUNDS
Year Ended December 31, 2007

	Sewer	Portage Water	Dakota Heights Water	Woodland Road Water	TOTALS (Memorandum Only)	
					2007	2006
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating Income (Loss)	\$ (72,403)	\$ 51,847	\$ (1,242)	\$ 31,884	\$ 10,086	\$ (18,674)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	35,093	37,485	17,059	2,871	92,508	90,273
(Increase) Decrease in accounts receivable	(2,332)	(1,781)	902	19,053	15,842	27,405
(Increase) Decrease in prepaid expenses	239	240	0	0	479	1,962
(Increase) Decrease in inventory	0	291	0	0	291	1,137
Increase (Decrease) in accounts payable	(8,976)	0	(1,248)	0	(10,224)	(4,259)
Increase (Decrease) in due to other funds	0	(242,967)	9,611	0	(233,356)	201,715
Increase (Decrease) in user deposits	0	0	0	0	0	0
Increase (Decrease) in accrued expenses	190	71	(114)	(99)	48	241
Increase (Decrease) in deferred revenue	0	0	0	(18,533)	(18,533)	(18,382)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(48,189)	(154,814)	24,968	35,176	(142,859)	58,537
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Bond proceeds	0	700,000	0	0	700,000	0
Reductions of long-term debt	0	(30,850)	(3,000)	(17,000)	(50,850)	(50,000)
Interest paid on long-term debt	0	(20,386)	(8,100)	(2,548)	(31,034)	(22,020)
Purchase of fixed assets	0	(460,619)	0	(8,860)	(469,479)	(238,108)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	0	188,145	(11,100)	(28,408)	148,637	(310,128)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments and deposits	0	7,583	2,097	1,088	10,768	12,578
NET CASH FLOWS FROM INVESTING ACTIVITIES	0	7,583	2,097	1,088	10,768	12,578
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	(48,189)	40,914	15,965	7,856	16,546	(16,132)
CASH AND RESTRICTED CASH, BEGINNING OF YEAR	(57,444)	133,585	46,343	87,507	209,991	226,123
CASH AND RESTRICTED CASH, END OF YEAR	\$ (105,633)	\$ 174,499	\$ 62,308	\$ 95,363	\$ 226,537	\$ 209,991

CHARTER TOWNSHIP OF PORTAGE
SEWER FUND
DETAILED SCHEDULES OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
OPERATING REVENUE		
Charges for services	\$ 142,244	\$ 134,498
Parts, meters, hook-up fees	1,513	785
Other	150	106
TOTAL OPERATING REVENUE	<u>143,907</u>	<u>135,389</u>
EXPENSES:		
Salaries	15,057	15,808
Payroll taxes	2,494	2,793
Employee benefits	4,371	4,300
Supplies	921	1,925
Utilities	3,296	2,905
Insurance	3,926	2,342
Repairs and maintenance	2,295	2,323
Professional services	3,484	3,060
Depreciation	35,093	35,251
Sewage use charges	144,812	118,492
Miscellaneous	561	1,357
TOTAL EXPENSES	<u>216,310</u>	<u>190,556</u>
OPERATING INCOME(LOSS)	(72,403)	(55,167)
NON-OPERATING REVENUES (EXPENSES):		
NET INCOME (LOSS)	(72,403)	(55,167)
RETAINED EARNINGS, BEGINNING OF YEAR	(25,815)	7,662
ADJUSTMENTS TO FUND EQUITY		
Depreciation on Contributed Capital	<u>21,690</u>	<u>21,690</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ (76,528)</u>	<u>\$ (25,815)</u>

CHARTER TOWNSHIP OF PORTAGE
WATER FUND- PORTAGE
DETAILED SCHEDULES OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
OPERATING REVENUE		
Charges for services	\$ 145,803	\$ 117,693
Parts, meters, hook-up fees	1,655	275
Other	<u>4,499</u>	<u>5,321</u>
TOTAL OPERATING REVENUE	<u>151,957</u>	<u>123,289</u>
EXPENSES:		
Salaries	17,090	21,840
Payroll taxes	2,977	3,748
Employee benefits	5,787	4,987
Supplies	918	5,529
Utilities	2,437	2,080
Insurance	3,477	2,292
Repairs and maintenance	1,669	1,050
Depreciation	37,485	35,129
Water purchases	24,639	29,632
Miscellaneous	<u>3,631</u>	<u>10,277</u>
TOTAL EXPENSES	<u>100,110</u>	<u>116,564</u>
OPERATING INCOME(LOSS)	51,847	6,725
NON-OPERATING REVENUES (EXPENSES):		
Interest income	5,951	6,492
Interest special assessment	1,632	2,576
Interest expense	<u>(20,386)</u>	<u>(10,656)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES):	(12,803)	(1,588)
NET INCOME (LOSS)	39,044	5,137
RETAINED EARNINGS, BEGINNING OF YEAR	384,588	369,361
ADJUSTMENTS TO FUND EQUITY		
Depreciation on Contributed Capital	<u>10,090</u>	<u>10,090</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 433,722</u>	<u>\$ 384,588</u>

CHARTER TOWNSHIP OF PORTAGE
WATER FUND- DAKOTA HEIGHTS
DETAILED SCHEDULES OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
OPERATING REVENUE		
Charges for services	\$ 21,952	\$ 22,017
Parts, meters, hook-up fees	223	-
Other	391	1,850
TOTAL OPERATING REVENUE	<u>22,566</u>	<u>23,867</u>
EXPENSES:		
Salaries	4,185	4,559
Payroll taxes	719	816
Employee benefits	332	306
Supplies	482	772
Depreciation	17,059	17,059
Water purchases	659	3,093
Miscellaneous	372	75
TOTAL EXPENSES	<u>23,808</u>	<u>26,680</u>
OPERATING INCOME(LOSS)	(1,242)	(2,813)
NON-OPERATING REVENUES (EXPENSES):		
Interest income	170	420
Interest special assessment	1,927	1,235
Interest expense	<u>(8,100)</u>	<u>(8,235)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES):	<u>(6,003)</u>	<u>(6,580)</u>
NET INCOME (LOSS)	(7,245)	(9,393)
RETAINED EARNINGS, BEGINNING OF YEAR	12,218	11,351
ADJUSTMENTS TO FUND EQUITY		
Depreciation on Contributed Capital	<u>10,260</u>	<u>10,260</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 15,233</u>	<u>\$ 12,218</u>

CHARTER TOWNSHIP OF PORTAGE
WATER FUND- WOODLAND ROAD
DETAILED SCHEDULES OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
OPERATING REVENUE		
Charges for services	\$ 58,589	\$ 52,393
Parts, meters, hook-up fees	1,032	75
Other	<u>131</u>	<u>1,997</u>
TOTAL OPERATING REVENUE	<u>59,752</u>	<u>54,465</u>
EXPENSES:		
Salaries	4,534	4,474
Payroll taxes	767	801
Employee benefits	226	304
Supplies	238	360
Depreciation	2,871	2,834
Water purchases	18,616	13,111
Miscellaneous	<u>616</u>	<u>-</u>
TOTAL EXPENSES	<u>27,868</u>	<u>21,884</u>
OPERATING INCOME(LOSS)	31,884	32,581
NON-OPERATING REVENUES (EXPENSES):		
Interest income	1,088	1,855
Interest expense	<u>(2,548)</u>	<u>(3,129)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES):	<u>(1,460)</u>	<u>(1,274)</u>
NET INCOME (LOSS)	30,424	31,307
RETAINED EARNINGS, BEGINNING OF YEAR	<u>118,602</u>	<u>87,295</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 149,026</u>	<u>\$ 118,602</u>

CHARTER TOWNSHIP OF PORTAGE
CEMETERY PERPETUAL CARE FUND
BALANCE SHEETS

Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS:		
RESTRICTED ASSETS:		
Cash and cash equivalents	\$ 356,669	\$ 258,222
Investments	576,677	638,782
Due from other funds	8,000	3,000
Accrued interest	-	6,229
TOTAL RESTRICTED ASSETS	<u>\$ 941,346</u>	<u>\$ 906,233</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	\$ -	\$ -
Due to other funds	-	-
Deferred revenue	-	-
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES:		
Reserved fund balance	<u>941,346</u>	<u>906,233</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 941,346</u>	<u>\$ 906,233</u>

CHARTER TOWNSHIP OF PORTAGE
CEMETERY PERPETUAL CARE FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
OPERATING REVENUES:		
Perpetual care fees	\$ 12,000	\$ 34,000
Interest and dividends	<u>39,443</u>	<u>26,427</u>
TOTAL OPERATING REVENUES	<u>51,443</u>	<u>60,427</u>
EXPENSES		
Professional fees	<u>4,527</u>	<u>5,296</u>
TOTAL OPERATING EXPENSES	<u>4,527</u>	<u>5,296</u>
OPERATING INCOME (LOSS)	46,916	55,131
NON-OPERATING REVENUES (EXPENSES):		
Transfer to cemetery operating fund	<u>(11,803)</u>	<u>(24,762)</u>
Total other financing sources (uses)	<u>(11,803)</u>	<u>(24,762)</u>
Net change in fund balance	<u>35,113</u>	<u>30,369</u>
Fund Balances- Beginning of Year	<u>906,233</u>	<u>875,864</u>
Fund Balances- End of Year	<u>\$ 941,346</u>	<u>\$ 906,233</u>

CHARTER TOWNSHIP OF PORTAGE
TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended December 31, 2007

	<u>Balance</u> <u>12/31/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/07</u>
ASSETS:				
Cash	\$ 62,770	\$ 5,644,422	\$ 5,666,003	\$ 41,189
TOTAL ASSETS	<u>\$ 62,770</u>	<u>\$ 5,644,422</u>	<u>\$ 5,666,003</u>	<u>\$ 41,189</u>
LIABILITIES:				
Due to other funds	\$ 24,278	\$ 221,456	\$ 225,860	\$ 19,874
Due to other	799	25,638	26,437	0
Due to other governmental units	<u>37,693</u>	<u>2,530,364</u>	<u>2,546,742</u>	<u>21,315</u>
TOTAL LIABILITIES	<u>\$ 62,770</u>	<u>\$ 2,777,458</u>	<u>\$ 2,799,039</u>	<u>\$ 41,189</u>

FEDERAL AWARDS PROGRAMS



Bruce A Rukkila, CPA, PC



310 Sheldon Avenue • Houghton MI 49931
(906) 482-6601 • Fax: (906) 482-9046
e-mail: help@brucerukkila.com
www.bruцерukkila.com

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Members of the Township Board
Charter Township of Portage
Houghton, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Portage as of and for the year then ended December 31, 2007 which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Charter Township of Portage's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter Township of Portage's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Charter Township of Portage's internal control over financial reporting.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Charter Township of Portage's financial statements that is more than inconsequential will not be prevented or detected by the Charter Township of Portage's internal control. We consider deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. [07-01 Ability to Prepare Financial Statements and Related Note Disclosures]

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter Township of Portage's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 07-01 Ability to Prepare Financial Statements and Related Note Disclosures.

We noted certain matters that we reported to management of the Charter Township of Portage, in a separate letter dated June 25, 2008.

The Charter Township of Portage's response to the findings identified in our audit is described in the accompany schedule of findings and costs. We did not audit the Charter Township of Portage's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Township Board, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

June 25, 2008

Bruce A. Rukkila, CPA, PC
Certified Public Accountants



Bruce A Rukkila, CPA, PC



310 Sheldon Avenue • Houghton MI 49931
(906) 482-6601 • Fax: (906) 482-9046
e-mail: help@brucerukkila.com
www.bruceukkila.com

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Members of the Township Board
Charter Township of Portage
Houghton, Michigan

Compliance

We have audited the compliance of the Charter Township of Portage with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The Charter Township of Portage's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of the Charter Township of Portage's management. Our responsibility is to express an opinion on the Charter Township of Portage's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Charter Township of Portage's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Charter Township of Portage's compliance with those requirements.

In our opinion, the Charter Township of Portage complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 07-01 Ability to Prepare Financial Statements and Related Note Disclosures.

Internal Control Over Compliance

The management of Charter Township of Portage is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Charter Township of Portage's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Charter Township of Portage's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Charter Township of Portage's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Portage as of and for the year then ended December 31, 2007, and have issued our report thereon dated June 25, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Charter Township of Portage's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, Township Board and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

June 25, 2008

Bruce A. Rukkila, CPA, PC
Certified Public Accountants

CHARTER TOWNSHIP OF PORTAGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2007

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture		
Rural Utilities Service		
2007 Water Supply and Distribution Revenue Bond	10.760	\$ 700,000
Rural Housing Service		
Community Facilities Grant - Fire Truck Pumper	10.766	35,000
Rural Development Loan	10.766	86,500
		<u>121,500</u>
Total expenditures of federal awards		<u>\$ 821,500</u>

CHARTER TOWNSHIP OF PORTAGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2007

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal Control over financial reporting:

- Material weakness(es) identified? Yes
- Reportable condition(s) identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Reportable condition(s) identified that are not considered to be material weaknesses? None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 520(a) of Circular A-133? No

Identification of major programs:

Name of Federal Program	<u>CFDA Number</u>
U.S. Department of Agriculture	
Water Systems for Rural Communities	10.760
Rural Development Loan	10.766

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

SECTION II - FINANCIAL STATEMENT FINDINGS - Detailed at Schedule of Findings and Responses on page 59.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - No matters were reported.

CHARTER TOWNSHIP OF PORTAGE
SCHEDULE OF FINDINGS AND RESPONSES
December 31, 2007

Significant Deficiencies

07-01 Ability to Prepare Financial Statements and Related Note Disclosures

Criteria: All entities are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of management. The preparation of financial statements in accordance with GAAP requires internal controls over both recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and reporting financial statements, including related footnotes.

Condition: As is the case with many small entities, The Charter Township of Portage has historically relied on its independent external auditors to assist in the preparation of the financial statements and footnotes as part of its external financial reporting process. Accordingly, The Charter Township of Portage's ability to prepare financial statements in accordance with GAAP is based, in part, on its external auditors, who cannot by definition be considered a part of the internal controls.

Cause: Due to the lack of knowledge, expertise and education relative to preparing GAAP financial statements possessed by the finance department, management has made the decision that it is in their best interest to out source the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for The Charter Township of Portage to perform this task internally.

Effect: As a result of this condition, The Charter Township of Portage lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

View of Responsible Officials: The Charter Township of Portage has evaluated the benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of The Charter Township of Portage to out source this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation. The Charter Township of Portage believes that it is capable of preparation of annual financial statements in accordance with GAAP.

CHARTER TOWNSHIP OF PORTAGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2007

NOTE A - OVERSIGHT AGENCY

The U. S. Department of Agriculture is the current year's oversight agency for the single audit as determined by the agency providing the largest share of the Township's expenditures of federal awards.

NOTE B - BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting.



Bruce A Rukkila, CPA, PC



310 Sheldon Avenue • Houghton MI 49931
(906) 482-6601 • Fax: (906) 482-9046
e-mail: help@brucerukkila.com
www.bruцерukkila.com

June 25, 2008

Members of the Township Board
Charter Township of Portage
Houghton, Michigan

We have audited the financial statements of the Charter Township of Portage for the year ended December 31, 2007, and have issued our report thereon dated June 25, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter dated February 19, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control.

As part of obtaining reasonable assurance about whether the Charter Township of Portage's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. Also, in accordance with OMB Circular A-133, we examined, on a test bases, evidence about the Charter Township of Portage's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable each of its major federal programs for the purpose of expressing an opinion on the Charter Township of Portage's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Charter Township of Portage's compliance with those requirements.

Significant Auditing Findings

Qualitative Aspects of Accounting Policies

Management is responsible for selection and uses of appropriate accounting policies. The significant accounting policies used by the Charter Township of Portage are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2007. We noted no transactions entered into by the Charter Township of Portage during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was management's estimate of the useful lives of fixed assets, used to calculate depreciation, is based on the estimated useful lives of certain classes of assets. We evaluated the key factors and assumptions used to develop the useful lives to determine that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Charter Township of Portage that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We propose no such adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the general purpose financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 25, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principals and auditing standards, with management each year prior to retention as the Entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board and management of the Charter Township of Portage and should not be used by anyone other than these specified parties.

Charter Township of Portage

June 25, 2008

Page 3

It has been a pleasure to provide audit services to the Charter Township of Portage. Management was prepared for the audit, providing us with all supporting documents requested. Management was friendly, conscientious and very helpful.

We appreciate your business, thank you.

Very truly yours,

Bruce A. Rukkala, CPA, PC

Certified Public Accountants

In planning and performing our audit of the financial statements of the Charter Township of Portage, as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered The Charter Township of Portage's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

However, during our audit we became aware of opportunities for strengthening internal controls and operating efficiency. The following items summarize our comments and suggestions regarding those matters.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any addition study of these matters, or to assist you in implementing the recommendations.

Preparation of Financial Statements in Accordance with GAAP

All entities are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of management. The preparation of financial statements in accordance with GAAP requires internal controls over both recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and reporting financial statements, including related footnotes.

As is the case with many small entities, the Charter Township of Portage has historically relied on its independent external auditors to assist in the preparation of the financial statements and footnotes as part of its external financial reporting process. Accordingly, the Charter Township of Portage's ability to prepare financial statements in accordance with GAAP is based, in part, on its external auditors, who cannot by definition be considered a part of the internal controls.

Due to the lack of knowledge, expertise and education relative to preparing GAAP financial statements possessed by the finance department, management has made the decision that it is in their best interest to out source the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the Charter Township of Portage to perform this task internally.

As a result of this condition, the Charter Township of Portage lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

The Charter Township of Portage has evaluated the benefit of establishing internal controls over the preparation of financial statement sin accordance with GAAP, and determined that it is in the best interests of the Charter Township of Portage to out source this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation. The Charter Township of Portage believes that it is capable of preparation of annual financial statements in accordance with GAAP.

Bond Requirements

At December 31, 2007 there was a shortage of funds deposited to meet the bond requirement funds for the Dakota Heights Water Fund. (See Note G) The Township needs to deposit additional funds and review the schedules and deposit/transfer funds on a quarterly basis to meet the requirements.

As of June 25, 2008 the Township deposited additional \$5,000 in the Dakota Heights Water Fund's Repair, Replacement, and Improvement Account to reduce the shortage.

Budgeting

The Michigan Department of Treasury recommends that the local unit of government use the activity form of budgeting that will parallel the State of Michigan Uniform Chart of Accounts and the Uniform Reporting Format. There are various budgeting methods, including departmental, line-item, activity, and program budgeting. The Michigan Department of Treasury recommends that the local unit of government use the activity form of budgeting that will parallel the State of Michigan Uniform Chart of Accounts and the Uniform Reporting Format. This will facilitate comparison of actual revenues and expenditures to budgeted revenues and expenditures in the financial statements.

To the extent that the budget is too detailed (i.e. a line-item budget), it will require excessive budget amendments. The Department of Treasury recommends that line-items be used when developing the local unit's budget. The adopted budget must be at the revenue by source and expenditures by activity level. Budgeting by total revenue and total expenditures is not acceptable. The legislative body could still require the periodic reporting on a line-item basis.

The Township has started utilizing a line-item budget reporting for 2008 year and will be including it for the financial reporting.

This information is intended solely for the use of the Board and management of the Charter Township of Portage and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.